



REGISTRATION OF AIRCRAFTS IN ARUBA

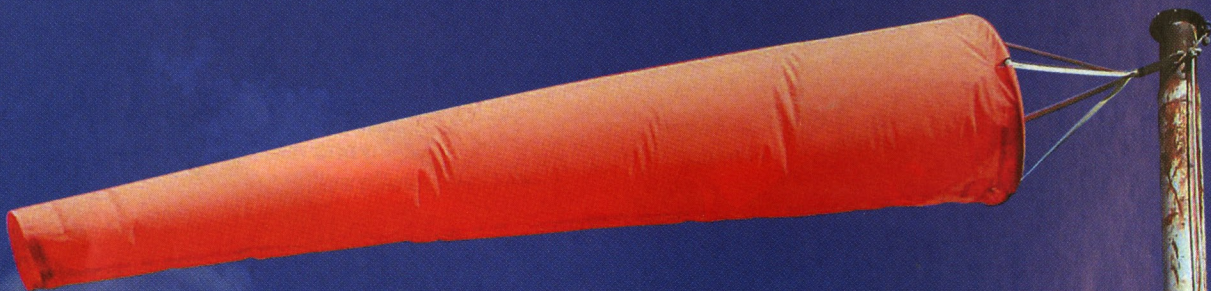
Aruba's first experience with the aviation world was in 1925 when the first Hydro-aircraft landed in the Paardenbaai harbour of Oranjestad. The landing of the first tri-engine Fokker aircraft "Snip" however occurred in 1934 in the south coast area named "Dakota" (now Wayaca). In 1935 Aruba got its first airport "Dakota", named after a former aloe plantation. In our time the Queen Beatrix Airport shows impressive growth

figures in passengers and landings. The traffic at the Aruba Airport is evident, however Aruba also offers other services in the Aviation world which may not be visible to others.

Aruba has become a recognized and respected jurisdiction for registration of aircrafts of all types over the years. Aruba maintains a civil aviation register which is held by the Department of Civil Aviation. The success of commercial and private registration of aircrafts is not only a result of the favorable tax treatment but also due to the reliability and protection that Aruba's international aviation program offers.

Aruba is a category 1 country rated by the US FAA and ICAO. This provides confidence for registrants of owners and operators of aircrafts, that their aircraft will benefit from a continuing high standard of safety oversight during the time the aircraft is registered in Aruba. Aruba also has register that regulates the registration of rights in rem.

There are many reasons to register an aircraft in Aruba. The registration of aircrafts is mostly driven by legal, financing advantages and/ or VAT advantages for the investor in the residing country. The Aruban tax system can be very advantageous for the registration of aircrafts. If structured properly the



activities of the Aruban entity may not result in corporate income tax or dividend withholding tax payable in Aruba.

The AEC (Aruba Exempt Corporation) gained popularity with the registration of foreign operated aircrafts. The AEC has a flexible legal framework for incorporation, operation and liquidation. The AEC was created as an additional vehicle in order to stimulate the expansion of the financial services sector. However the Aruba government introduced changes in the AEC legislation as per January 1, 2006. The leasing of an aircraft under this new AEC regime may still occur free of tax if certain conditions are met. The Aruba government also introduced a Transparent regime for newly incorporated Aruban Limited Liability Companies (N.V.) and AEC's. Opting for the transparent status could prevent a tax liability in Aruba for the aircraft activities if certain conditions are met.

The registration of aircrafts in Aruba also gained status within the Forbes 500 list. The Russian tycoon, Roman Abramovich, is known as one of the (if not the) world's greatest spender on luxury yachts and aircrafts, and he is

said to own a private Boeing known as "The Bandit" which is registered in Aruba. Originally the aircraft was ordered by Hawaiian Airlines but the order was cancelled and Abramovich had it refitted to his own requirements.

The aviation registry is undoubtedly a niche market and if managed appropriately could have a significant contribution to the Aruban economy. Other islands in the region (such as Cayman Islands and Bermuda) are also marketing their own jurisdiction as the place for aircraft registration. However, Aruba has a distinct advantage due the Dutch judicial system and should use this as a selling tool to maintain a leading position in this highly competitive market. **F**

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